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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
Request of Lockheed Martin Corporation)
and Warburg, Pincus & Co. for Review of)
the Transfer of the Lockheed Martin)
Communications Industry Services Business)
from Lockheed Martin Corporation to an)
Affiliate of Warburg, Pincus, & Co.)

CC Docket No. 92-237
NSD File No. 98-151

MCI WorldCom Comments

MCI WorldCom, Inc. ("MCI WorldCom") submits this filing in response to a public notice released by the Federal Communications Commission ("Commission") on January 7, 1999 requesting the public to submit issues and questions regarding the proposed transfer of Lockheed Martin Communications Industry Services (CIS) Business to E.M. Warburg, Pincus & Co. LLC. ("Warburg Pincus"). The CIS business unit of Lockheed Martin IMS serves as the North American Numbering Plan Administrator (NANPA) and also as the local number portability administrator. The Commission also requested questions and issues from the public regarding Mitretek Systems' ("Mitretek") request that it replace CIS as the NANPA. Mitretek argues that it was designated the alternate for the NANPA, should CIS not perform the NANPA responsibilities in a satisfactory manner.

MCI WorldCom commends the Commission for seeking public input on the issues that the Commission should address in considering this matter of significant public concern, thereby allowing all voices to be heard and a full record to be developed. To that end, the Commission also requested from the North American Numbering Council (NANC) a list of questions and issues regarding the proposed transfer from NANC's perspective to be filed January 22. Comments regarding the issues and responses to the questions are to be filed on March 17.

MCI WorldCom endorses the list of issues and questions that the NANC has developed. As the NANC has suggested, the Commission should focus on the core concerns of maintaining neutrality for these critical administrative functions and the evaluation of CIS' ability to perform not only during the transition from Lockheed Martin to Warburg Pincus, but under the stewardship of Warburg Pincus.

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We support the conclusions of the NANC:

- Neutrality is critical to ensuring the integrity of NANPA and local number portability administration processes;
- Issues and questions should be relevant to the neutrality requirement and the ability of the vendor to perform its responsibilities;
- Mitretek should not be given the opportunity to use the CIS sale to re-negotiate its 1997 NANPA bid;
- Any issues relating to the performance of Lockheed Martin as the current NANPA are unrelated to this matter and should be addressed and resolved separately using existing processes.

Additional questions and issues do remain to be asked and which, if answered in substantive detail, will aid the Commission in developing a full record on which to base its decision as well as provide the necessary assurances to the industry of the long-term commitment of Warburg Pincus/CIS. Such assurances will also demonstrate Warburg Pincus/CIS' commitment to perform the existing contracts and agreements, which must be honored in their entirety.

MCI WorldCom submits the following questions directed to Warburg Pincus and/or CIS:

1. How will the board of the new CIS be constituted? How many seats will Warburg Pincus hold out of the total? How many seats will be held by CIS officers? Will there be outside directors and how many will there be?
2. Warburg Pincus has stated a "strong intent" to maintain its position in CIS through the life of the remaining agreement rather than a simple and unequivocal "Yes" to the question, "Are you committed to ownership of CIS for the remaining term?" Since Warburg Pincus is apparently unable to make a unconditional commitment against further change in ownership, what commitments does Warburg Pincus offer to ensure that the administrative functions it seeks to own will be sufficiently staffed, funded, and capitalized through the term of the contract should Warburg Pincus decide to further transfer ownership in CIS to yet another entity? In addition, does Warburg Pincus agree that as a condition of the transfer of CIS to it, that any future sale of administration activities to other entities requires prior FCC approval?
3. Please explain in detail the statement, "Warburg's investments in telecommunications do not create a vested interest in numbering administration." Specifically, Warburg Pincus has disclosed its ownership interests in several carriers and that overall, Warburg Pincus' five private equity funds in total hold a 5 percent investment in telecommunications. What sectors of the industry is that overall 5 percent

investment in – local exchange carrier, long-distance carrier or other. Also disclose the names of the carriers and amount of the fund's investment in each carrier.

4. Please discuss in detail the Code of Conduct proposed in the December 21 filing and define neutrality in the context of "neutrality requirements of the industry" as cited in Principle 4 of the Code.


5. Please explain in detail the transition plan for CIS from Lockheed Martin to Warburg Pincus.

6. In its December 21, 1998 filing, Warburg Pincus said it is "committed to supporting" CIS' fulfillment of its existing contracts, including pricing. Does Warburg Pincus also endorse the following statement: "Upon Commission approval of the transfer of CIS assets, Warburg Pincus will fulfill the contractual obligations under the existing CIS contracts for NANPA and LNPA, through the periods defined in those contracts, and including all contractual terms, including pricing and performance. Warburg Pincus assumes complete responsibility for CIS' ability to perform the contracts, and warrants that it will take all necessary steps to ensure that CIS can perform its contractual obligations. Any recourse for failure to adhere to the terms of the contract that were lawfully applicable to Lockheed Martin are now applicable to Warburg Pincus."

Based on the previous discussion, MCI WorldCom respectfully requests that the Commission direct Warburg Pincus, CIS and Mitretek to answer in full each question asked in this filing and in the NANC submission. MCI WorldCom looks forward to the responses and may have additional questions based on the replies.

Respectfully submitted,

MCI WorldCom, Inc.

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Dated: January 22, 1999

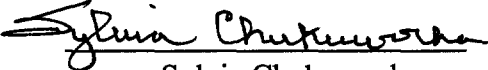
CERTIFICATE OF SERVICE

I, Sylvia Chukwuocha, do hereby certify that on this 22nd day of January, 1999, copies of the foregoing Comments of MCIWorldCom, Inc. were served on each of the following persons by hand delivery or first class mail:

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